

VZCZCXRO6777
RR RUEHCN RUEHGH RUEHVC
DE RUEHSH #0164/01 2590401
ZNY CCCCC ZZH
R 160401Z SEP 09
FM AMCONSUL SHENYANG
TO RUEHC/SECSTATE WASHDC 8839
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUEAIIA/CIA WASHDC 0215
RHMFISS/COMUSKOREA J2 SEOUL KOR
RUEKJCS/DIA WASHDC 0158
RUCGEVC/JOINT STAFF WASHDC 0114
RHEHAAA/NSC WASHDC
RUEKJCS/SECDEF WASHDC 0173

C O N F I D E N T I A L SECTION 01 OF 02 SHENYANG 000164

SIPDIS

DEPARTMENT FOR EAP/K, EAP/CM, INR
MOSCOW PASS TO VLADIVOSTOK

E.O. 12958: DECL: TEN YEARS AFTER KOREAN UNIFICATION

TAGS: [CH](#) [ECON](#) [KN](#) [KS](#) [PREL](#) [RS](#)

SUBJECT: DPRK BUSINESS LEANS FORWARD IN NE CHINA

REF: 08 SHENYANG 123

Classified By: Consul General Stephen B. Wickman. Reasons 1.4(b)/(d).

[1](#)1. (C) SUMMARY: The DPRK seems to be taking a more active approach to business in Northeast China when compared to 2008 (reftel), bringing a large government and business delegation to this region's major trade fair. A senior-level DPRK official used a public forum to make political statements criticizing the United States and used a private forum to make detailed pitches for increased investment in the DPRK. North Korean traders seem to be more outgoing and forward than last year. END SUMMARY.

DPRK IN PUBLIC: U.S BAD, LET'S CREATE A NEW WORLD ORDER

[1](#)2. (U) Consul General and ConGenOff participated in Northeast China's principal regional trade fair in Changchun September 1-3. On September 1, DPRK Vice Trade Minister Koo Bon-tai spoke at the High Level Forum on Northeast Asia Economic and Trade Cooperation, which featured Vice Premier Li Keqiang as the guest of honor, including luminaries such as former French Prime Minister Dominic de Villepin, Philippines Vice President Noli De Casto, and Mongolian Prime Minister Miegombyn Enkhbold.

[1](#)3. (SBU) While the other 12 speakers used their limited time to share ideas on economic cooperation in Northeast Asia, Koo engaged in a 5-minute political statement that only obliquely touched upon economics and Northeast Asia. He singled out the United States for creating the global financial crisis and excoriated Western forces for passing judgment on the DPRK's missile launch, claiming space exploration as a sovereign right. Koo also referred directly to international sanctions, saying that Kim Jong-il would never succumb to such measures. Koo ended by suggesting that the countries of the world prevent future economic crises by constructing a new world trade order based upon euros, renminbi, and rubles instead of dollars.

DPRK IN PRIVATE: SHOW ME THE MONEY, FOCUS ON INVESTMENT

[1](#)4. (SBU) Koo showed a markedly different approach when he gave a business-focused presentation at the DPRK Business Day luncheon on September 2, open only to invited guests and media. The audience was mainly comprised of local officials from Jilin Province and the Yanbian Korean Autonomous Prefecture. The Jilin vice governor said that in 2008 PRC-DPRK trade reached USD 770 million and that, as of September 2009, there were 31 registered Chinese companies operating

in the DPRK with a total investment of USD 100 million. When China's trade volumes are disaggregated, Jilin Province becomes the DPRK's fourth-largest trading partner.

15. (SBU) The DPRK's keynote presentation was on the foreign investment laws adopted in 1984. The DPRK offers joint ventures five initial years of tax benefits with three years of tax-free status followed by two additional years at 50-percent tax-free. The DPRK partner in the joint venture is responsible for securing and maintaining title to any land. North Korea especially welcomes foreign investment in the coal mining, electrical, railway, and metals sectors. The DPRK also protects foreign-invested industries by selectively limiting similar sector imports produced outside of the DPRK. This presentation tracks with recent and upcoming DPRK presentations in other parts of China to advertise itself as an investment option.

16. (C) Koo spoke positively about business opportunities in North Korea and pointed out to his Chinese guests that he was honored to highlight the 60th anniversary year of PRC-DPRK relations. The Chinese guest of honor, a Jilin Province vice governor, did not mention the 60th year of PRC-DPRK relations in his own speech. Later that evening, the Yanbian Korean Autonomous Prefecture's Commerce Department director smiled and told ConGenOff that the Chinese were "used to dealing with the North Koreans, their style of business" and knew how to "entertain" such overtures and new ideas but had noticed a renewed DPRK emphasis on commercial and economic affairs.

SHENYANG 00000164 002 OF 002

DPRK TRADE DELEGATION: NUMEROUS AND CURIOUS

17. (C) The North Korean trade exhibit was sizeable, larger than that of the South Koreans and Japanese, but mainly engaged in the sale of low-value goods aimed at the average Chinese shopper, such as herbal medicines, agricultural products, and trinkets. None of the entities banned by UNSCR 1874 were on the official list of participating businesses. Most of the traders came equipped with personal business cards, which in a change from years past, included personal phone extension numbers in Pyongyang and individual e-mail addresses. Furthermore, North Korean traders easily offered these business cards to interested shoppers.

18. (C) The North Korean traders did not seem to pay much attention to the offerings of the neighboring Mongolian and Taiwan delegations, among others. DPRK officials and traders did, however, frequent the exhibits of the machine tool manufacturers and agricultural heavy machinery; they seemed to pay extra attention to the flashy BMW and Mercedes-Benz exhibitions, where several stopped to ask questions and take pictures of promotional materials and the vehicles.

WICKMAN